



News Release

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IRS ISSUES SUMMER 2001 STATISTICS OF INCOME BULLETIN

WASHINGTON— The Internal Revenue Service today announced the release of the Summer 2001 issue of the *Statistics of Income Bulletin*. It provides detailed statistical information on corporation income tax returns, foreign-controlled domestic corporations, sole proprietorships, the largest class of private foundations and trends in the capital gains and losses of individuals.

The *Bulletin* contains an in-depth analysis of corporation income tax returns for 1998. Corporate pre-tax profits declined for the first time in 6 years, decreasing 8.4 percent to \$838.2 billion. Positive net income for 1998 was down \$1,091.2 billion, by 2.4 percent. Reflecting the decrease in positive net income, the tax base decreased 3 percent to \$663.4 billion. This led to a drop in corporate income tax (before reductions taken by credits) to \$234.1 billion, or \$8 billion less than 1997.

In addition, the *Bulletin* contained the following articles:

- Profits reported by foreign-controlled domestic corporations (FCDC's) decreased to \$40.6 billion for 1998, a decline of nearly 25 percent of the \$52.4 billion recorded for 1997. The total U.S. income tax these companies paid dipped to \$18.3 billion, a drop of 7.4 percent from the prior year. By country of foreign owner, Japanese-owned companies comprised 23.7 percent of the total sales and other income of FCDCs, followed by Germany with 14.2 percent; the United Kingdom with 12.9 percent; and the Netherlands with 10.8 percent.
- Sole proprietorship businesses reported record profits of \$207.9 billion for 1999, up 2.8 percent from the previous year. In constant dollars, this was the smallest growth in profits since 1995. The increases crossed industrial sectors with the administrative and support services sector reporting the largest percentage of growth in profits at 16.6 percent. The largest sole proprietorship industrial sector, based on business receipts, was the retail trade sector, accounting for 19.1 percent of receipts.
- The asset holdings for the largest 100 nonoperating private foundations included in SOI's panel more than tripled between 1985 and 1997. The value of these holdings rose from \$37.6 billion to \$120.6 billion. The majority of private foundations are classified as "nonoperating," meaning that their charitable support is generally given in the form of grants or other outlays to organizations that execute charitable programs. Charitable contributions, gifts and grants also tripled during this period, rising from \$1.5 billion for 1985 to \$4.5 billion for 1997.
- Data on the capital gains and losses of individuals show a rise in short-term transactions. For 1997, the total sales price of all assets was about \$2 trillion. Corporate stock sales accounted for about \$1.1 trillion of this total. Some 60 percent of these transactions were short-term,

compared to 28.8 percent for 1985, the last time annual data from a sale of capital asset study were published.

The *Bulletin* also includes historical data on income, deductions, and tax reported on returns filed by individuals, corporations, and unincorporated businesses, with selected data presented for estates. Statistics are also presented on tax collections, including excise taxes by type, and refunds for recent years.

The *Statistics of Income Bulletin* is available from the Superintendent of Documents, U.S. Government Printing Office, P.O. Box 371954, Pittsburgh, PA 15250-7954. The annual subscription rate is \$41 (\$51.25 foreign), single issues cost \$34 (\$42.50 foreign). For more information about these data, write the Acting Director, Statistics of Income (SOI) Division, N:ADC:R:S, Internal Revenue Service, P.O. Box 2608, Washington, DC 20013-2608, check the World Wide Web at www.irs.gov/tax_stats, or telephone the SOI statistical information services office at (202) 874-0410, by fax, (202) 874-0964.

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